

# Compendium of Budget Information for the 2014 General Session

## Public Education Appropriations Subcommittee

### Agency: MSP - Basic School Program

#### ***Function***

The Basic School Program provides general operational revenues to school districts and charter schools. Program appropriations support education programs for all public kindergarten, elementary, and secondary students in the state. The basic program is divided into two sub-programs:

1. Regular Program -- provides generally unrestricted revenue to school districts and charter schools. The appropriation includes funding for Kindergarten, Grades 1-12, Professional Staff, Administrative Costs and a supplement for Necessarily Existent Small Schools.
2. Restricted Program -- includes targeted programs for Special Education, Career and Technology Education, and Class Size Reduction. As the name implies, the use of allocated funding by school districts and charter schools is restricted to the functions defined in each sub-program.

Basic School Programs use the WPU to estimate the cost of each sub-program and to distribute program appropriations in a relatively proportional manner among school districts and charter schools. Generally, one WPU equals one pupil in average daily membership (ADM). One program, Professional Staff, uses the number of Full-Time-Equivalent (FTE) licensed staff in the school districts and charter schools to determine WPU counts.

Certain programs within the basic program generate fewer or additional WPUs based on statutory guidelines, which most often is based on student qualification. For example, kindergarten students generate .55 of a WPU whereas students enrolled in special education programs generate more than one WPU. These weightings allow the program to adjust to meet the varied costs associated with educating different student populations.

#### ***Background***

Utah statute, 53A-17a-103, defines the Basic School Program (BSP) as "public education programs for kindergarten, elementary, and secondary school students that are operated and maintained for the amount derived by multiplying the number of weighted pupil units for each district by [the value of the weighted pupil unit]." Further, the BSP equalizes a portion of local property tax revenue, called the Basic Levy, collected by each school district with state revenue appropriated to support the program. Funding equalization, as well as revenue distribution to districts and charter schools, is done on a weighted pupil basis. This equalization mechanism partially accommodates the revenue differences between 'richer' and 'poorer' school districts.

Since charter schools do not have the ability to levy property taxes, they do not contribute to the BSP like school districts. Although charter schools do not contribute funding to the BSP, students attending charter schools receive the same level of funding as a similarly situated student attending a district school.

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**Revenue Equalization** -- through the BSP, the state and local school districts share in the cost of educating Utah's school children. Statute recognizes that "all children of the state are entitled to reasonably equal educational opportunities regardless of their place of residence in the state and of the economic situation of their respective school districts or other agencies" (UCA 53A-17a-102(1)). As mentioned above, formulas distributing MSP revenues function in a manner to equalize revenue among school districts and charter schools and to provide 'reasonably equal educational opportunities.'

Although the establishment of an educational system is largely a state function, Utah statute indicates that school districts also have a responsibility in providing funding to support the state's public education system. "School districts should be required to participate on a partnership basis [with the State] in the payment of a reasonable portion of the cost of a minimum program" (UCA 53A-17a-102(2)). Statute authorizes each school district to assess a minimum basic property tax levy to contribute to the MSP. "In order to qualify for receipt of the state contribution toward the basic program [of the Minimum School Program], and as its contribution toward its cost of the basic program, each school district shall impose a minimum basic tax rate per dollar of taxable value" (UCA 53A-17a-135(1)(a)). The minimum basic property tax levy is assessed by each of the 40 school districts and each district assesses the same basic property tax rate.

**Basic Levy** -- school districts must impose the Basic Levy in order to participate in the MSP. The state contribution to the BSP of a school district equals the difference between the proceeds of the basic levy and the cost of the basic program. If the proceeds of the basic levy "equal or exceed the cost of the basic program in a school district, no state contribution shall be made to the basic program" (UCA 53A-17a-135(3)(a)). If the proceeds from the basic levy exceed the cost of the basic program in a school district, statute includes a 'recapture' provision. Recaptured revenue is deposited in the state's Uniform School Fund which supports state appropriations for public education.

The Legislature establishes the Basic Tax Rate required of all school districts in statute each year.

**Weighted Pupil Unit** -- the WPU acts as the common factor used in estimating program costs and distributing program revenue. The WPU is "the unit of measure of factors computed in accordance with the Minimum School Program Act, for the purpose of determining the costs of the basic school program on a uniform basis for each student" (UCA 53A-17a-103(6)). The WPU represents one pupil in average daily membership (ADM). Specific programs in the MSP may generate fewer or additional WPUs based on statutory guidelines. Most often, this is a specified student qualification. For example, students enrolled in kindergarten generate .55 of a WPU where students enrolled in Special Education may generate more than one WPU. Explanation of MSP programs found throughout this section will provide information on how WPUs are generated for each basic school program.

**WPU Value** -- each year, the Legislature establishes the dollar value for each WPU for the upcoming fiscal year. Funding levels for each of the Basic School Programs is determined by the number of WPUs allocated to the program multiplied by the value of the WPU. "When the Legislature provides an increase to the value of the WPU it is increasing the overall value of the Minimum School Program as allocated equally among LEAs [i.e. school districts/charter schools] based on their respective WPU count" (LFA, Minimum School Program Compensation, July 2005).

The WPU Value generally increases each fiscal year, as determined by the Legislature. Since the creation of the Weighted Pupil Unit in 1974 the WPU Value has never decreased. In fiscal years 1988, 1989, 2010, and FY 2011 the WPU Value was not increased and in fiscal years 2003 and 2004 the value increased less than one percent. In the remaining years since 1974, the annual percent increase in the WPU value ranged from a high of 11 percent in FY 1981 to a low of 1.5 percent in FY 2005.

Comparisons of annual WPU values since 1974 do not show potential decreases in the WPU value that may have occurred during the course of a fiscal year. For example, some indicators suggest that there may have been a mid-year decrease in the WPU value during the mid-1980s - basically a reduction in WPU value from the original appropriation to a revised appropriation. However, based on data from annual appropriations reports the final WPU value for each fiscal year has been at least the same, if not greater than, the prior fiscal year.

During the 2011 General Session, the Legislature adopted two WPU Values for programs in the Basic School Program. The primary WPU Value, which funds most programs, was increased with funding transferred from the Related to Basic School Program. The WPU Value for WPUs allocated to the Special Education Add-on and Career and Technical Education Add-on programs was not increased. This Add-on WPU Value is lower than the primary WPU Value. The Legislature has maintained the two values since FY 2012, and each year have increased at the same percentage.

### ***Funding Detail***

For more detail about a particular source of finance or organizational unit, click a linked entry in the left column of the table(s) below.

***Table 1: Operating and Capital Budget Including Expendable Funds and Accounts***

Sources of Finance	2013 Actual	2014 Approp	2014 Change	2014 Revised	2015 Change	2015 Approp
General Fund, One-time	\$1,900,000	\$0	\$0	\$0	\$0	\$0
Uniform School Fund	\$16,000,000	\$21,000,000	\$0	\$21,000,000	\$9,000,000	\$30,000,000
Uniform School Fund, One-time	\$65,500,000	\$0	\$0	\$0	\$22,000,000	\$22,000,000
Education Fund	\$1,894,689,200	\$1,988,021,000	\$0	\$1,988,021,000	\$88,950,300	\$2,076,971,300
Education Fund, One-time	(\$67,400,000)	\$0	\$23,000,000	\$23,000,000	(\$45,000,000)	(\$22,000,000)
Local Revenue	\$316,442,300	\$294,092,000	\$0	\$294,092,000	\$2,617,700	\$296,709,700
Transfers	(\$36,328,000)	\$0	\$0	\$0	(\$54,504,000)	(\$54,504,000)
Beginning Nonlapsing	\$46,340,800	\$12,398,900	\$19,105,000	\$31,503,900	\$23,000,100	\$54,504,000
Beginning Nonlapsing - Voted and Board	\$0	\$0	\$0	\$0	\$0	\$0
Closing Nonlapsing	(\$31,503,900)	(\$12,398,900)	(\$42,105,000)	(\$54,503,900)	\$54,503,900	\$0
<b>Total</b>	<b>\$2,205,640,400</b>	<b>\$2,303,113,000</b>	<b>\$0</b>	<b>\$2,303,113,000</b>	<b>\$100,568,000</b>	<b>\$2,403,681,000</b>

Line Items	2013	2014	2014	2014	2015	2015
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	Actual	Approp	Change	Revised	Change	Approp
Basic School Program	\$2,205,640,400	\$2,303,113,000	\$0	\$2,303,113,000	\$100,568,000	\$2,403,681,000
Total	\$2,205,640,400	\$2,303,113,000	\$0	\$2,303,113,000	\$100,568,000	\$2,403,681,000

Categories of Expenditure	2013 Actual	2014 Approp	2014 Change	2014 Revised	2015 Change	2015 Approp
Other Charges/Pass Thru	\$2,205,640,400	\$2,303,113,000	\$0	\$2,303,113,000	\$100,568,000	\$2,403,681,000
Total	\$2,205,640,400	\$2,303,113,000	\$0	\$2,303,113,000	\$100,568,000	\$2,403,681,000

Other Indicators	2013 Actual	2014 Approp	2014 Change	2014 Revised	2015 Change	2015 Approp
Weighted Pupil Units	0	802,729	0	802,729	14,547	817,276

COBI contains unaudited data as presented to the Legislature by state agencies at the time of publication. For audited financial data see the State of Utah's Comprehensive Annual Financial Reports.